

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-02 H-02 PA-01 PRS-01 USIA-06 IO-10 /105 W

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R 261315Z MAR 75

FM AMCONSUL DUSSELDORF

TO SECSTATE WASHDC 2551

INFO AMEMBASSY BONN

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE DUSSELDORF 0322

E.O. 11652: N/A

TAGS: EALR, EFIN, EINV, GW

SUBJECT: MAJOR GERMAN FIRM TO LIMIT CONTROL BY "OTHER INTERESTS"

1. SUMMARY. MANESMANN AG, DUESSELDORF, A WORLD LEADER IN STEEL PIPE PRODUCTION, HAS ANNOUNCED MEASURES TO LIMIT THE DEGREE OF OUTSIDE (READ MIDDLE EASTERN) INFLUENCE IN ITS OPERATIONS BY RESTRICTING THE VOTING RIGHTS OF A SINGLE STOCKHOLDER, REGARDLESS OF THE NUMBER OF SHARES HELD, TO FIVE PER CENT OF THE TOTAL SHARES ISSUED. END SUMMARY.

2. MANESMANN AG, DUESSELDORF, ONE OF GERMANY'S LARGEST INDUSTRIAL ENTERPRISES (1974 SALES DM 13 BILLION) AND A WORLD LEADER IN STEEL PIPE PRODUCTION, HAS ANNOUNCED MEASURES TO CURTAIL THE INFLUENCE OF OTHER INTERESTS, PRIVATE OR GOVERNMENT (READ "FOREIGN"), IN THE FIRM'S OPERATIONS. IN A SPECIAL MEETING OF MANESMANN STOCKHOLDERS HELD MARCH 24 IN DUESSELDORF, IT WAS DECIDED TO LIMIT THE VOTING RIGHT OF AN INDIVIDUAL SHAREOWNER TO A MAXIMUM OF FIVE PERCENT OF THE TOTALSHARES ISSUED EVEN THOUGH THAT INDIVIDUAL MIGHT HOLD SHARES IN EXCESS OF THAT FIGURE.

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THE RIGHT TO PURCHASE MANESMANN SHARES REMAINS UN-

RESTRICTED.

3. MANNESMANN CHAIRMAN DR. EGON OVERBECK EMPHASIZED IN THE MEETING THAT THE LIMITATION ON VOTING RIGHTS WAS NOT DIRECTED AGAINST ANY PARTICULAR PERSON, GROUP OR COUNTRY. HOWEVER, IN A SUBSEQUENT DISCUSSION WITH A STOCKHOLDER, OVERBECK ADMITTED THAT HE WAS AWARE OF AN INDIVIDUAL, WHOSE NAME HE WOULD NOT DISCLOSE, WHO HAS BEEN BUYING LARGE BLOCKS OF MANNESMANN SHARES. HE INDICATED THAT DURING THE LAST FEW MONTHS OF 1974, 100,000 SHARE BLOCKS OF HIS FIRM'S STOCK HAD CHANGED HANDS IN SEVERAL INSTANCES. THE MANNESMANN CHAIRMAN INTIMATED THAT THE VOTING LIMITATION WOULD BE LIFTED IF AND WHEN EXCESSIVE FOREIGN CONTROL OF THE FIRM WERE PRECLUDED BY APPROPRIATE INTERNATIONAL AGREEMENTS OR NATIONAL LEGISLATION.

4. COMMENT: A CABINET MINISTER CONFIRMED TO US THAT THE PRINCIPAL PURCHASER OF LARGE BLOCKS OF MANNESMANN SHARES WAS THE SHAH OF IRAN. WHILE THE GERMAN AUTHORITIES UTILIZED THE DEUTSCHE BANK TO INTERVENE IN THE RECENT EFFORT OF THE SHAH AND OTHER MIDDLE EASTERN SOURCES TO BUY UP A POSSIBLE CONTROLLING INTEREST IN DAIMLER-BENZ, THIS TIME, MANNESMANN, IN CONSULTATION WITH FEDERAL AUTHORITIES, UTILIZED A DIFFERENT TECHNIQUE. WE UNDERSTAND THAT A DRAFT LAW DEALING WITH THIS PROBLEM HAS BEEN PREPARED, BUT THAT BONN IS VERY CHARY ABOUT INTRODUCING THE MEASURE LEST THE ARABS SEE IT AS AIMED AT THEM AND RETALIATE. HENNEMEYER

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Margaret P. Grafeld
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